

**Date:** October 17, 2011

**To:** Thomas J. Bonfield, City Manager

**Through:** Theodore L. Voorhees, Deputy City Manager

**From:** Joel V. Reitzer, Director, General Services Department  
David M. Fleischer, Acting Real Estate Manager

**Subject:** Tower License Agreement with New Cingular Wireless PCS, LLC to  
Attach Cellular Antenna to the City's Cole Mill Road Radio Tower – 1701  
Cole Mill Road - Parcel ID #174121

### **Executive Summary**

New Cingular Wireless PCS, LLC (AT&T) proposes to enter into a new ten-year lease to attach cellular telephone antennas to the Cole Mill Road Radio Tower for the continued operation of its cellular service. Cellular providers are encouraged to co-locate and to locate antennas on existing structures and water tanks in order to reduce the number of freestanding cellular towers. The current lease will expire on December 3, 2011. For the proposed new lease, the Administration negotiated a rental fee of \$35,000.00 annually, which corresponds to the rental fee the City is receiving from its other cellular tower leases. The term under the proposed lease, is for ten years beginning December 4, 2011 to and including December 3, 2021. The rent will begin at \$35,000.00 for the first year's rental and will increase 3% annually for the remainder of the term. The City's rental fees are comparable to what other municipal and county governments charge for cellular tower leases.

### **Recommendation**

The General Services Department recommends that the City Council authorize the City Manager to execute the Tower License Agreement with New Cingular Wireless PCS, LLC to attach antennas to the Cole Mill Road Radio Tower and make related improvements at 1701 Cole Mill Road, Parcel ID #174121.

### **Background**

The Real Estate Division has been working with cellular providers since late 1995 to locate antennas and towers on City-owned structures and land. Currently, there are cellular antennas on the City's East Pettigrew Street and Ellis Road water tanks, on towers at the South Durham Water Reclamation Facility and the former New Hope Treatment Plant sites, and on the City's radio communication towers at Huckleberry Reservoir (Cole Mill Road) and Camden Avenue. The City currently receives approximately \$300,000.00 per year in revenue from cellular providers.

### **Issues/Analysis**

The City's zoning ordinance requires that providers of cellular service make a diligent effort to locate their facilities on existing structures as a method of minimizing the aesthetic impact of related infrastructure while generating revenue for the City. The General Services Department endeavors to generate the highest possible income for the City by leasing

space on City-owned structures for cellular antennas and by executing land leases for the installation of cellular towers. The terms and conditions of the leases with the City require that the Lessee meet or exceed the requirements of the zoning ordinance.

### **Alternatives**

The City Council could decide not to approve the proposed license agreement with AT&T. This alternative is not recommended because 1) if the City does not permit AT&T to locate at this location, the City will lose revenue of \$401,235.78 over the next ten years; and 2) since there is a very high probability AT&T would build a tower elsewhere on privately owned property, or attach to a non-City structure in the area, the aim of the Unified Development Ordinance (UDO) would not be met in that the UDO encourages the use of public lands and structures as locations for wireless telecommunications infrastructure.

### **Financial Impact**

Revenue for years one (1) through ten (10): Total rental income \$401,235.78 paid per the following schedule:

Year One:	\$35,000.00
Year Two:	\$36,050.00
Year Three:	\$37,131.50
Year Four:	\$38,245.45
Year Five:	\$39,392.81
Year Six:	\$40,574.59
Year Seven:	\$41,791.83
Year Eight:	\$43,045.59
Year Nine:	\$44,336.95
Year Ten:	\$45,667.06

\$401,235.78 Total Revenue (Years 1 through 10)

All revenue will be deposited into the Water and Sewer Fund.

### **SDBE Summary**

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Tower License Agreement, Location Map